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INTERNATIONAL

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Ms. Anna White  
Coordinator, Global Partnerships for Tobacco Control  
P.O. Box 19405  
Washington, DC 20036  
USA

Lausanne, April 19<sup>th</sup>, 2007

Dear Ms. White:

Thank you for your response to my letter of February 23, 2007. I appreciate your willingness to write and hope this will lead to further discussions.

I am disappointed that you chose to focus on areas of disagreement rather than the substantial common ground we share, including Philip Morris International's support of many of your requests. As I said in my previous letter to you, we are a strong proponent of comprehensive tobacco regulation around the world. Our support of regulations along the same framework as the pending FDA legislation is clear and evidenced by many statements, submissions and actions in numerous countries in which we operate. (I would be pleased to share some representative examples of our submissions to regulators in different parts of the world if you wish.) The complexities and challenges presented by tobacco regulation in diverse international environments are significant both for us and for public health groups. In some countries, such as Australia, Brazil, Canada, New Zealand, the United States and members of the European Union, governments are interested in adopting and enforcing tobacco regulation. Unfortunately in many others, governments lack the capacity and/or willingness to implement tobacco regulation. The FCTC has helped place tobacco regulation squarely before those governments and has created a historic opportunity for us to work together to achieve effective and comprehensive regulation.

You have repeated your opinion that a potential spin-off of PMI from Altria would pose grave public health threats. Your underlying assumption appears to be that PMI's conduct and views are dependent on its status as a subsidiary of Altria. This is fundamentally incorrect. Although I may not be able to convince you of this fact in this correspondence, I offer again to meet with you in person to begin a dialogue focusing on the future. I believe that is the best way for you to gain an in-depth understanding of our

positions and will show you that PMI can provide support and expertise that will assist in the adoption of truly meaningful tobacco regulation across the globe. I also hope that by meeting in person I can better understand your views and be able to respond to them in a proactive and useful way.

I have answered each of your additional requests below.

First, you asked for clarification regarding our support of measures to fight illicit trade based on the EC Agreement. In considering whether to apply all of the provisions of that Agreement across the globe, a fundamental point must be understood: regardless of steps taken or imposed on the industry (and, as I said, we believe regulation *should* impose requirements on industry), the effectiveness of illicit trade measures depends first and foremost on the willingness of governments to actively and aggressively enforce the law and police their borders, working closely and cooperatively with legitimate tobacco manufacturers. This has been the basis for the success of the EC Agreement, which "sets an example of what industry and law enforcement can do when they work together in pursuit of a common goal."<sup>1</sup> Adopting all of the provisions in the EC Agreement in all countries independent of an analysis of local factors, including the commitment of governments to police their borders, would be a mistake.

Having said that, we have already implemented many of the key provisions of the Agreement -- including tracking, tracing, labeling and record keeping requirements -- in many of our markets, and we are committed to completing this program in all of our markets over the next few years. As I stated in my previous letter to you, we support legislation that would mandate these provisions in all countries around the world, and we support the effort that the parties to the FCTC are making to develop a protocol on illicit trade that would reflect many of these provisions.

Second, you asked that we publicly disclose the agreements we have entered into with a number of governments around the world to fight illicit trade. In addition to the EU countries, we have executed agreements (which are almost exclusively in the forms of Memoranda of Understanding) with the following countries: China, Colombia, Czech Republic, France, Ghana, Hungary, Philippines, Senegal, Switzerland, and Turkey. We are actively pursuing opportunities to cooperate in other countries, and those efforts may result in additional cooperation agreements. These agreements involve other parties, including in several cases other industry members. While we would be willing to waive any restriction on the public sharing of the agreements, we cannot do so unilaterally.

Third, you requested that we disclose all political contributions and lobbying costs in every country in which we operate. We are not willing to do that. However, we are publishing on our website our political contributions, as well a list of our charitable contributions by recipient organization and amount of contribution.

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<sup>1</sup> IP/06/735 (Brussels, 6 June 2006) Anti-Contraband and Anti-Counterfeit Agreement between PMI and the European Community and Member States."



Fourth, on the issue of product placement in movies, I confirm that we refrain from all methods of product placement in movies, and we have directed our affiliates to reject all requests from film producers to use our products in their films. Further, we would support laws prohibiting all tobacco product manufacturers from paying or otherwise inducing tobacco product placement, and I invite you to join us in encouraging governments to pass such laws. We also support measures to encourage movie producers, directors and other in the entertainment industry to refrain from showing smoking in movies, particularly those with appeal to minors. Our sister company PMUSA recently wrote to U.S. movie industry organizations and published open letters in U.S. entertainment trade journals asking that their brands not be depicted and calling for voluntary restrictions from that industry. We are considering similar action; however, given the diversity of the entertainment industry outside the US, we are not confident that such an approach will be effective. Again, I invite you to join us in making such requests to the international motion picture industry.

In conclusion, thank you for replying to me. I extend an open invitation to you and the organizations you represent to meet with me to begin a constructive dialogue.

Sincerely,



Even Hurwitz  
Senior Vice President, Corporate Affairs  
Philip Morris International